

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

August 8, 2013

VSEERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2013)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2014)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Paul White, Jr., VSEA Representative (term expiring September 1, 2014)
Thomas Hango, VSEA Alternate (term expiring September 1, 2013)
Richard Johannesen, Governor's Delegate (ex-officio)
Susan Zeller representing James Reardon, Commissioner of Finance & Management (ex-officio)
Harold Schwartz representing Kate Duffy, Commissioner of Human Resources (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

None

Also attending:

Steve Wisloski, Deputy VT State Treasurer
Dr. Russell Davignon, Chairperson of the MRB
Mark DiStefano, Attorney General's Office
Karl Kroner, Chip Sanville and Valerie Baker, Great West Retirement Services
Laurie Lanphear, Director of Retirement Operations
Monica Chiren, Assistant to Nancy Dimick

The Chairperson, Kevin Gaffney, called the Thursday, August 8, 2013, meeting to order at 9:05 a.m., which was held in the Tre-Fin Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **July 11, 2013 – regular meeting**

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted unanimously to approve the minutes of July 11, 2013, regular meeting, as submitted.

ITEM 2: Discuss/Act on disability retirement recommendation for:

- **Gary Bailey, Sr. New**

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Gary Bailey, Sr., with no review.

ITEM 3: Review disability retirement process

- **Discussion with Dr. Russell Davignon - Chairperson of the MRB**

The Chair, Mr. Gaffney, welcomed Dr. Davignon to the meeting. Mr. Gaffney indicated they would like to review the entire disability process. Ms. Lanphear reviewed with the Board members the steps a member applying for a disability retirement follows. Ms. Lanphear reviewed with the Board members the packets that were handed out relative to the disability retirement process.

(Mr. Wisloski entered the meeting at this time.)

On motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously to enter Executive Session at 9:19 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

(The Board exited Executive Session at 10:47 a.m.)

(Dr. Davignon and Mr. DiStefano left the meeting at this time.)

(A recess was taken from 10:47 a.m. to 11:00 a.m.)

(Mr. Kroner and Mr. Sanville entered the meeting at this time. Ms. Baker entered the meeting via the telephone.)

(Ms. Pearce was not present.)

ITEM 4: State of Vermont 457 Deferred Compensation Plan

- **Quarterly review for period ending June 30, 2013**
- **Discussion with Advised Asset Group (AAG) – via telephone**
- **Auto enrollment**

Ms. Baker reviewed the *Fund Performance Review Reporting Period Ending June 30, 2013* with the Board members. There was a discussion about the Pax World Balanced Fund. It was discussed that the Pax World Balanced Fund was an asset allocation fund. There was a discussion concerning SRI funds. There was a discussion what other categories SRI funds were in. Ms. Baker reviewed the *Fund Performance Review Reporting Period Ending March 31, 2013* handouts with the Board members. The Board discussed the strategies of the different SRI funds. Mr. Kroner indicated he will attempt to do a report indicating what the ages are of the members that invest in the SRI funds. It was indicated the Board would put the Pax World Balanced Fund on a watch list and that Ms. Baker would work with Mr. Kroner to provide the Board members the results of a broader fund search and additional options for the Board before the next meeting. Mr. Wisloski requested that Ms. Baker provide the screens that are used by the Pax World Balanced Fund.

(Ms. Pearce entered the meeting at this time.)

(Ms. Baker left the meeting at this time.)

Mr. Kroner appeared before the Board and provided the Quarterly Report for June 30, 2013 for the 457 Deferred Compensation Plan. Mr. Kroner provided the plan overview. Mr. Kroner indicated there was an increase in the total assets of 1.6% from April 1, 2013 to June 30, 2013. There was a discussion concerning the Stable Value Fund. There was a discussion about contributions and the breakdown of assets by asset class.

There was a discussion about the auto enrollment. Ms. Pearce indicated they are in the process of discussing with the Union whether auto enrollment would be a bargaining issue or not. The Board discussed how the auto enrollment might work, the time period for opting out, and what the default fund might be.

There was a discussion about the Roth feature. There was a discussion about distributions. There was a discussion concerning the managed accounts.

Mr. Sanville reviewed with the Board members the field activity for the quarter.

Mr. Kroner reviewed with the Board members the handout *Why Join The Vermont State Employees' Retirement System Deferred Compensation Plan*. It was requested that a picture of Mr. Gaffney be obtained for the bulletin.

(Mr. Kroner and Mr. Sanville left the meeting at this time.)

ITEM 5: Review Actuarial Services RFP

On motion by Ms. Pearce, seconded by Mr. White, the Board voted unanimously to enter Executive Session at 12:37 p.m. pursuant to Title 1, § 313 for the purpose of discussing contract issues.

(The Board exited Executive Session at 1:13 p.m.)

ITEM 6: Any other business to come before the Board

Ms. Pearce explained to the Board members the situation that occurred with TD Bank and the Vermont State Teachers' Retirement System July 31, 2013 pension checks not being deposited into the members' accounts on time. Ms. Pearce indicated staff called every bank that was to receive a deposit for a member to alert them to the situation. Ms. Pearce indicated staff also manned the telephones in the Retirement Division until 8:00 p.m. the day the event occurred.

Mr. Johannesen thanked Mr. Briggs for the report he provided concerning his attendance at the NCPERS annual conference. Mr. Briggs thanked the Board for allowing him to attend the conference.

ITEM 7: Adjournment

On motion by Mr. Dumas, seconded by Ms. Pearce, the Board unanimously voted to adjourn at 1:20 p.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting on Thursday, September 12, 2013 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board